

GIBSON, DUNN & CRUTCHER LLP

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

Chapter 11 Case No.

THIS APPLICATION APPLIES TO:

**SUPPLEMENTAL DECLARATION OF
WAYNE MCARDLE IN CONNECTION WITH AN ORDER
PURSUANT TO SECTION 327(e) OF THE BANKRUPTCY CODE AUTHORIZING
THE EMPLOYMENT AND RETENTION OF GIBSON, DUNN & CRUTCHER LLP, AS
SPECIAL COUNSEL TO THE DEBTORS, *NUNC PRO TUNC* TO SEPTEMBER 1, 2009**

SUPPLEMENTAL DISCLOSURES

2. Pursuant to the Retention Order, Gibson Dunn was retained as special counsel to provide legal services with respect to certain real estate matters. One such matter (the "Lower Thames Matter") entailed providing legal advice to a joint venture (the "Joint Venture") between Lehman Brothers Holdings, Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors"). The Lower Thames Matter is discussed in greater detail in Gibson Dunn's *Amended Third Application of Gibson, Dunn & Crutcher LLP, As A 327(e) Professional, For Allowance of Interim Compensation For Services Rendered and For Reimbursement of Actual and Necessary Expenses Incurred From June 1, 2010 Through September 30, 2010* [Docket No. 13465] (the "Amendment"), a copy of which (excluding any exhibits contained therein) is attached hereto as Exhibit A and, as it pertains to the Lower Thames Matter, is incorporated herein by reference. Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in the Amendment.

3. Although Gibson Dunn originally represented the Joint Venture, and not the Debtors, and Gibson Dunn originally billed the Joint Venture, and not the Debtors, as described in the Amendment, the Debtors and other shareholders of the Joint Venture came to an agreement that 25% of the work originally billed to the Joint Venture would be billed to the Debtors (the "Fee Arrangements"). The Fee Arrangement only applied to the disputed past services discussed in the Amendment and has no force and effect going forward. Unfortunately, the Fee Agreement was not set forth in a formal written and executed instrument. However, e-mails detailing the informal arrangement between the Debtors, Mr. McArdle, and the other shareholders of the Joint Venture and their representatives are attached hereto as Exhibits B.

4. Pursuant to 28 U.S.C. Section 1746, I declare under penalty of perjury of the laws of the United States that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed: August 2, 2011
London, England

/s/ Wayne P.J. McArdle

By: Wayne P.J. McArdle

Exhibit A

The Amendment

(attached hereto)

GIBSON, DUNN & CRUTCHER LLP

Wayne P.J. McArdle
Telephone House
2-4 Temple Avenue
London EC4Y 0HB
Telephone: +44 (0)20 7071-4000
Facsimile: +44 (0)20 7070-4244

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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|--|---|-------------------------------|
| -----X | | |
| In re | : | Chapter 11 Case No. |
| | : | |
| LEHMAN BROTHERS HOLDINGS INC., et al. | : | 08-13555 (JMP) |
| | : | |
| Debtors | : | (Jointly Administered) |
| | : | |
| -----X | | |

THIS APPLICATION APPLIES TO:

X All Debtors

**AMENDED THIRD APPLICATION OF GIBSON, DUNN & CRUTCHER
LLP, AS A 327(e) PROFESSIONAL, FOR ALLOWANCE OF INTERIM
COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES
INCURRED FROM JUNE 1, 2010 THROUGH SEPTEMBER 30, 2010**

Gibson, Dunn & Crutcher LLP ("Gibson Dunn"), a professional providing services to Lehman Brothers Holdings, Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors"), files pursuant to sections 330(a) and 331 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), this amended application (the "Application") for interim allowance of compensation for professional services performed by Gibson Dunn for the period from June 1, 2010 through September 30, 2010 (the "Compensation Period"), and for reimbursement of its actual and necessary expenses incurred during the Compensation Period. Gibson Dunn respectfully represents:

AMENDMENTS

1. On December 14, 2010, Gibson Dunn filed its *Third Application of Gibson, Dunn & Crutcher LLP, As A 327(e) Professional, For Allowance of Interim Compensation For Services Rendered and For Reimbursement of Actual and Necessary Expenses Incurred From June 1, 2010 Through September 30, 2010* [Docket No. 13465] (the "Prior Application") seeking interim allowance of compensation for professional services performed by Gibson Dunn during the Compensation Period. This amended Application partially relates to work performed during the Compensation Period in connection with Lower Thames Sarl ("Lower Thames"), a joint venture between LBHI, Resolution Properties and Connah Limited (the "Joint Venture"). Gibson Dunn advised the Debtors on all matters related to the Joint Venture. This advice included (i) the preparation and negotiation of the joint venture agreement, (ii) advice on the acquisition of a loan by Lower Thames, (iii) advice on the steps needed to be taken to enforce the security under the loan, and (iv) advice on related matters. The shareholders of Lower Thames had initially agreed that the legal fees and expenses incurred by Gibson Dunn in connection with the preparation of the joint venture agreement and other matters, such as enforcement, would be billed to Lower Thames, and the Debtors instructed Gibson Dunn to bill Lower Thames for all of its legal fees incurred in connection with the preparation and negotiation of the Joint Venture Agreement and related matters such as enforcement. Subsequent to the filing of the Prior Application, the Debtors and the other shareholders of Lower Thames agreed that only a portion of Gibson Dunn's fees incurred in connection with the preparation and negotiation of the Joint Venture Agreement and related matters such as enforcement should in fact be borne by Lower Thames. Accordingly, Gibson Dunn was instructed to reverse the bill previously sent to Lower Thames, to allocate some of the time to the Debtors, and to bill the remainder to Lower Thames. The services rendered during the

Compensation Period that the Debtors and the other shareholders of Lower Thames have agreed should be paid for by LBHI are described in Exhibit 1. Therefore, Gibson Dunn hereby amends its Prior Application to include in its request for compensation for necessary professional services rendered to the Debtors during the Compensation Period the services described in Exhibit 1, for which Gibson Dunn seeks compensation in the amount of \$10,407.46.

2. In addition, a third party has agreed to pay Gibson Dunn's fees incurred rendering the services described in Exhibit 2. Therefore, Gibson Dunn hereby amends its Prior Application to reduce its prior request for compensation for necessary professional services rendered to the Debtors during the Compensation Period by the amount set forth in Exhibit 2, \$107,498.00.

3. Accordingly, Gibson Dunn hereby amends its Prior Application to reduce its prior request for compensation for necessary professional services rendered to the Debtors during the Compensation Period by a total of \$97,090.54, from \$793,428.99 to \$696,338.45.

Dated: April 14, 2011
London, England

GIBSON, DUNN & CRUTCHER LLP

/s/ Wayne P.J. McArdle

By: Wayne P.J. McArdle

Telephone House

2-4 Temple Avenue

London EC4Y 0HB

Telephone: +44 (0)20 7071-4000

Facsimile: +44 (0)20 7070-4244

Special Counsel to the Debtors and
Debtors in Possession

Exhibit B

Fee Arrangement Emails

(attached hereto)

GIBSON DUNN

Gibson, Dunn & Crutcher LLP
Telephone House 2-4 Temple Avenue, London, EC4Y 0HB
Tel +44 (0)20 7071 4237 • Fax +44 (0)20 7070 9237
WMArdle@gibsondunn.com • www.gibsondunn.com

Gibson, Dunn & Crutcher LLP is a limited liability partnership registered in Delaware. Regulated by the Solicitors Regulation Authority (Number 324652).

From: Coles, Paul [mailto:Paul.Coles@lamcollc.co.uk]
Sent: 08 February 2011 16:29
To: McArdle, Wayne PJ
Cc: Charles Tutt
Subject: FW: QBH Billing

Wayne

We have agreed to split it so that 75% of the JVA and DD time will be payable by the JV and the remainder going onto the LBHI bill

Please can you send a bill to Charles for the 75% please

Many thanks

Paul

From: Paul Coles
Sent: 14 December 2010 13:36
To: 'Charles Tutt'
Subject: FW: QBH Billing

Charles following on from our conversation please see below and attached

On going through this I think it makes sense that LBHI picks up everything other than the JVA and DD time

Kind regards

Paul

From: Coote, Christine E. [mailto:CCoote@gibsondunn.com] **On Behalf Of** McArdle, Wayne PJ
Sent: 25 November 2010 15:20
To: Paul Coles
Cc: Coote, Christine E.
Subject: QBH Billing

Paul,

I have been through the QBH bill rendered to Lower Thames, as well as time billed or to be billed to LBHI directly in respect of QBH.

I believe the agreement was that Gibson Dunn would be able to recover from Lower Thames the time it incurred drafting/negotiating the Joint Venture Agreement. Here is what my analysis shows (and I have attached summaries for your information):

Of the £121,000 billed to Lower Thames, £86,000 is directly related to the JVA (you will recall that there were two versions of the JVA required to be prepared and analysed). The remaining time (approximately £35,000) relates to related tasks. There is an argument that some or all of this time should be billed to LBHI, insofar as it perhaps did not "benefit" Lower Thames (in the same manner as the JVA drafting time). For example, we reviewed the Development Management Agreement. Presumably Herbert Smith had reviewed the DMA on behalf of its client, Resolution. Thus, I can see that you might accept that our review of the DMA was for LBHI.

You will see that we have incurred time of about £18,000 on QBH that has been billed to LBHI.

Please give me a call to discuss. Specifically, I would appreciate your views on what portion of the non-JVA time can properly be billed to Lower Thames. To the extent that it cannot be billed to Lower Thames, we could move it over to an LBHI file, but need to do that as soon as possible (given the nature of LBHI billing procedures).

Kind regards,

Wayne McArdle
Partner

GIBSON DUNN

Gibson, Dunn & Crutcher LLP
Telephone House 2-4 Temple Avenue, London, EC4Y 0HB
Tel +44 (0)20 7071 4237 • Fax +44 (0)20 7070 9237
WMcArdle@gibsondunn.com • www.gibsondunn.com

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LAMCO Services Ltd (formerly LBHI Services Ltd) is registered in England and Wales with registered number 06743029. The registered office is 1 Royal Exchange Avenue, London EC3V 3LT